

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00

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FM AMCONSUL GUAYAQUIL

TO SECSTATE WASHDC 3620

INFO AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L GUAYAQUIL 135

E.O. 11652: GDS

TAGS: ETRD, EAGR, EC

SUBJ: GOE OFFICIAL COMMENTS ON GUAYAQUIL MEETING OF BANANA

PRODUCING NATIONS

REF: GUAYAQUIL 100

1. IN JAN. 24 CONVERSATION WITH CONSUL GENERAL, AND COMMERCIAL OFFICER,

ING. ALFREDO SALTOS GUALE, EXECUTIVE DIRECTOR OF ECUADOR'S
NATIONAL BANANA PROGRAM, DISCUSSED JAN. 27-31 MEETING OF
UPEB TECHNICAL REPRESENTATIVES. SALTOS LEFT NO DOUBT THAT OVER-
RIDING RELATIONSHIP OF ECUADOR'S BANANA PRODUCERS WITH THOSE OF
CENTRAL AMERICA IS ONE OF COMPETITION FOR SHARE OF WORLD MARKET,
ESPECIALLY THAT OF UNITED STATES, RATHER THAN ONE OF COOPERATION
AND COLLABORATION.

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2. SALTOS EMPHASIZED GREAT IMPACT THAT LOSS OF JAPANESE MARKET

HAS HAD ON ECUADOR'S BANANA PRODUCERS. NEW MARKETS SUCH AS EASTERN EUROPE, MIDDLE EAST, AND PEOPLE'S REPUBLIC OF CHINA HAVE FALLEN FAR SHORT OF REPLACING JAPAN. ECUADOR MUST THEREFORE SEEK EXPAND ITS SHARE OF MARKET IN WESTERN INDUSTRIALIZED NATIONS. THIS ESPECIALLY DIFFICULT AT PRESENT BECAUSE OF SURPLUS WORLD SUPPLY AND SATURATION OF EXISTING MARKETS.

3. SALTOS POINTED OUT THAT JAPANESE MARKET HAD ABSORBED LARGE QUANTITIES OF MEDIUM QUALITY BANANAS WHICH ARE GROWN BY COUNTLESS SMALL FARMERS. NATIONAL BANANA PROGRAM NOW HAS AS ONE OF ITS PRIMARY GOALS THE EXTENSION OF TECHNICAL ASSISTANCE TO THESE FARMERS TO IMPROVE PRODUCE QUALITY SO THAT IT WILL BE ACCEPTABLE IN WESTERN INDUSTRIALIZED NATIONS WHICH HAVE MORE DEMANDING STANDARDS THAN JAPAN.

4. CENTRAL AMERICAN REPS HAVE TOLD GOE THAT INCREASE IN OIL PRICES HAS PRODUCED SEVERE PROBLEMS FOR THEIR COUNTRIES BUT A REVENUE BONANZA FOR ECUADOR. THEY ARGUE, THEREFORE, THAT ECUADOR SHOULD BE MORE CONCILIATORY IN APPROACH TO QUESTION OF UPEB MEMBERSHIP. SALTOS DISCARDS THIS ARGUMENT ON GROUNDS THAT BANANA INDUSTRY REMAINS ECONOMICALLY IMPORTANT TO GOE AND IS EXTRAORDINARILY VITAL FACTOR IN PROVIDING EMPLOYMENT BECAUSE 300,000 FAMILIES SUPPORTED BY DIRECT PARTICIPATION IN BANANA INDUSTRY.

5. SALTOS SUMMED UP SITUATION BY SAYING THAT IN COMPARISON WITH CENTRALAMERICA, ECUADOR IN DISADVANTAGEOUS GEOGRAPHICAL POSITION, PRODUCES FRUIT OF LOWER QUALITY WHEN SMALL FARMER PRODUCTION INCLUDED, AND HAS MUCH LOWER PRODUCTIVITY (LESS THAN HALF TONNAGE PER HECTARE PER YEAR). UNDER THESE CIRCUMSTANCES, SALTOS SAID IT IMPOSSIBLE FOR ECUADOR TO AGREE WITH UPEB MEMBERS TO EXPORT TAX THAT WOULD ONLY SERVE TO INCREASE ECUADOR'S COMPETITIVE DISADVANTAGE IN WORLD MARKET. HE MENTIONED, HOWEVER, THAT ECUADOR WOULD BE PLEASED COOPERATE WITH UPEB IN EFFORTS BREAK DOWN TRADE BARRIERS OF WESTERN EUROPEAN NATIONS WHICH GIVE CERTAIN AFRICAN NATIONS ADVANTAGE OVER WESTERN HEMISPHERE BANANA PRODUCERS.

6. COMMENT. PROSPECTS FOR POSITIVE RESULTS FROM UPCOMING UPEB MEETING IN GUAYAQUIL ARE DIM INDEED IN VIEW OF MINAG'S OBSERVATIONS (REFTEL), SALTOS' VIEWS MENTIONED ABOVE, AND MININDUSTRY AND COMMERCE JAN 22 STATEMENT TO PRESS THAT MEETING IN GUAYAQUIL DOES NOT CONFIDENTIAL

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IMPLY ECUADOREAN COMMITMENT TO JOIN UPEB. GUAYAQUIL DAILY "EXPRESO" EDITORIALIZED ON JAN. 24 THAT ECUADOR HAS MADE ENOUGH SACRIFICES OF NATIONAL INTEREST FOR GOOD OF HEMISPHERIC SOLIDARITY AND ALTHOUGH NOT ADVOCATING LAW OF JUNGLE OR IGNORING PLIGHT OF SISTER REPUBLICS, GOE DELEGATION SHOULD STAUNCHLY DEFEND NATIONAL INTERESTS AT BANANA CONFERENCE. REPS OF PRIVATE SECTOR WILL ATTEND CONFERENCE AS OBSERVERS AND DELEGATIONS FROM UPEB WILL UNDOUBTEDLY RECEIVE FROM THEM, AND GOE OFFICIALS AS WELL, LONG AND EXHAUSTIVE EXPLANA-

TIONS WHY ECUADOR CANNOT BECOME A FULL PARTICIPATING MEMBER OF UPEB.
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